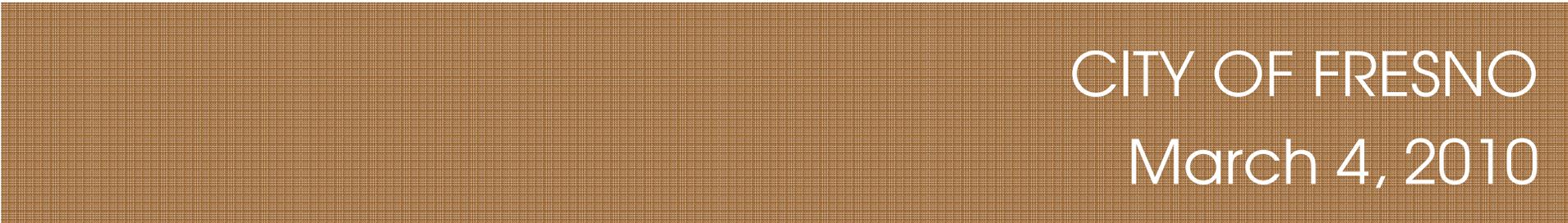


# FY 2011 General Fund Projections Update



CITY OF FRESNO  
March 4, 2010

# Budget Update Summary

- December 2010 Revision:
  - Department Reductions of \$10.0m
  - General Fund totaled \$216.7m
- It was thought at the time that these revisions, combined with \$4.0m-\$9.0m of additional reductions, would be sufficient to balance the FY 2011 General Fund.
- In the Mid-Year Review, declines in several major General Fund revenues were reported, as were unanticipated increases in expenses.
- As a result, approximately \$7.7m of anticipated FY 2011 carryover will not be realized.

# Base Budget Revenues

- \$7.7m less in Carryover.
- Operating Revenue assumptions for FY 2010 hold true for FY 2011.
  - FY 2011 revenue projections are down over \$4m
- Bottom line: Instead of the \$221.2m of available resources estimated in December, we will have \$209.5m available in the General Fund in FY 2011.

# Base Budget Expenses

- As previously discussed, Expenses continue to grow.
- A fully funded budget, at current operations, is \$236.4m.
- Between Revenues and Expenditures, the FY 2011 Budget will require additional contraction over and above mid-year cuts.
- This gap is estimated to be over \$26.9m.

# General Fund Status

<i>(In 000s)</i>		<i>FY 2010</i>	<i>FY 2011</i>	<i>FY 2011</i>	<i>Variance</i>
<i>Resources</i>	<i>FY 2010</i>	<i>Mid Year</i>	<i>December</i>	<i>February</i>	<i>Dec/feb</i>
	<i>Amended</i>	<i>Projection</i>	<i>Projection</i>	<i>Projection</i>	<i>Projections</i>
One-Time Resources	2,634	3,238	10,034	2,282	(7,752)
Operating Revenues					
Sales Tax	62,353	59,953	64,156	62,000	(2,156)
Property Tax	69,001	69,001	68,805	68,805	0
Room Tax	10,167	9,091	10,167	9,091	(1,076)
MVLF	36,659	36,359	36,659	36,659	0
All Other*	45,959	44,929	31,417	30,622	(795)
<b>Total Resources</b>	<b>226,773</b>	<b>222,571</b>	<b>221,238</b>	<b>209,459</b>	<b>(11,779)</b>
Total Expenditures	216,739	220,289	221,228	236,416	15,188
<b>Carryover Funds</b>	<b>10,034</b>	<b>2,282</b>	<b>10</b>	<b>(26,957)</b>	<b>(26,967)</b>

\* All Other includes, among other revenues Charges for Current Services, Business Tax and Real Estate Transfer Tax.

# FY 2011 Budget Strategies

- \$26.9 million
  - \$8.0 in Citywide Operational Adjustments will address part of the gap:
    - Revenues
      - Business Tax Amnesty
      - Master Fee Schedule
      - PG&E Franchise agreement
    - Expenditures
      - Health & Welfare
      - Fleet Replacement Program
      - Reallocation to other eligible funding sources
  - The remaining shortfall is being addressed through:
    - Department specific reductions
    - Strategic Initiatives
    - Engaging with Labor Units
- Strategic Initiatives
  - Franchising Commercial Solid Waste Operations.
  - Outsourcing/Partnering for park & median island maintenance.
  - Partnerships with organizations to operate community centers.
  - Employee Retirement Incentive
- Reductions in all Internal Service Fund departments
  - Must absorb all expense increases.
  - 15% reduction from FY 2010 Amended budgets:
    - City Attorney's Office is the exception

# General Fund Targets

- Targets were built assuming all cost increases up front then aligning with the amount of revenue available.
- Priority is Public Safety and core services, targets were set to have least impact on these budgets.
- The next few weeks all options will be reviewed for efficiencies, revenue enhancements and contraction of City services.
- Council Workshop Study sessions in May:
  - Tentative schedule and format will be sent to Council
  - Budget hearings in June

# Looking Beyond FY 2011

- The Mayor's FY 2011 Proposed Budget will update the Five year forecast which will include:
  - Roll-off of CHRP grant in 2013.
  - Impact fee debt service and potential General Fund obligation.
  - Pension forecast.
  - Employee salary & benefit forecast.
  - Revenue picture based on the business model proposed.